Item No. 1008-D

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96TH CONGRESS, 2d Session } HOUSE OF REPRESENTATIVES { REPT. 96-1349, Part 3

HOSTAGE RELIEF ACT OF 1980

COMPLETED

ORIGINAL

SEPTEMBER 19, 1980.—Ordered to be printed

Mr. ULLMAN, from the Committee on Ways and Means, submitted the following

REPORT

[To accompany H.R. 7085 which on April 17, 1980, was referred jointly to the Committee on Foreign Affairs, the Committee on Post Office and Civil Service, and the Committee on Ways and Means]

The Committee on Ways and Means, to whom was referred the bill (H.R. 7085) to amend title 5 of the United States Code and the Internal Revenue Code of 1954 to provide certain benefits to individuals held hostage in Iran and to similarly situated individuals, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendment to the text of the bill is shown in the reported bill, with the matter proposed to be stricken shown in linetype and the matter proposed to be inserted shown in italic type.

The title of the bill is amended to conform to the amendment to the text of the bill.

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(15)

I. SUMMARY

The tax provisions of the bill provide tax relief to the American hostages in Iran and other American hostages. Federal employees held hostage could exclude from income their Federal compensation. If death results from captivity, all income tax liability of that individual from the initial year of captivity to the year of death would be forgiven. The spouse of a hostage would be permitted to file a joint return. Various deadlines under the tax laws would be postponed during the period of captivity and for 180 days thereafter. Finally, the staff of the Joint Committee on Taxation is directed to make a study of this area.

II. EXPLANATION OF THE BILL

Tax Treatment of Hostages

Present law

Gross income does not include certain combat pay of members of the Armed Forces. (The exclusion is limited to $500 monthly in the case of officers.) Also, if a member of the Armed Forces dies as a result of service in a combat zone, he is not subject to Federal income tax on any of his income beginning with the first year he served in the combat zone and ending with the year of his death. Comparable rules do not apply to civilian employees.

If a member of the Armed Forces serves in a combat zone or is hospitalized as a result of that service, he generally is excused from meeting a variety of deadlines under the Internal Revenue Code for the period of service or hospitalization and 180 days thereafter.

More limited relief is provided for other Federal employees. Generally, if such an individual is in a missing status, no return need be filed, and no tax need be paid, until three months and fifteen days following the cessation of his missing status. (Other deadlines, however, are not waived.) The Internal Revenue Service has announced that this provision will apply in the case of the American hostages in Iran.

Ordinarily, if married individuals elect to file a joint return rather than separate returns, the return must actually be signed by both spouses. The Internal Revenue Service has announced that it will accept joint returns signed by only one spouse if the other is being held in Iran.

Reasons for change

the American hostages in Iran and their families beyond the limited relief which is permitted by current law. In many ways, the ordeal suffered by these hostages is comparable to that of members of Armed Forces in combat zones. The committee believes that, at least insofar as matters within its jurisdiction are involved, comparable treatment is warranted. The relief provided by the committee's bill would also extend to other Americans being held hostage.

At the same time, the committee has made the provisions of the bill temporary, rather than permanent, to facilitate a further review by the committee of the issues presented. While no one disputes the need to provide relief to the American hostages in Iran, the committee believes that permanent legislation should be drawn to deal more clearly with a number of issues should similar incidents arise in the future. Accordingly, the committee bill requires the staff of the Joint Committee on Taxation to conduct a study and to report its findings to the tax-writing committees of the Congress.

Explanation of provisions

Exclusion for compensation

Under the bill, gross income of an individual who was at any time an American hostage would not include compensation from the Federal Government received for any month during any part of which the individual was in captive status or hospitalized as a result of captive status.

For purposes of the tax provisions of the bill, the term "American hostage" means any individual who is placed in a captive status during the "hostage period" while (1) in the civil service or the uniformed services of the United States, or (2) a citizen or resident alien of the United States rendering personal service to the United States abroad similar to the service of a civil officer or employee of the United States (as determined by the Secretary of State). The hostage period began on November 4, 1979. It will end on the earlier of two dates: the date the President specifies, by Executive order, as the date on which all citizens and resident aliens of the United States who are placed in a capitive status due to the seizure of the United States Embassy in Iran have been returned to the United States or otherwise accounted for, or December 31, 1981. An individual is in captive status if he is in a missing status arising because of a hostile action abroad which is directed against the United States during the hostage period. An individual is in missing status if he is in that status under the appropriate provision of law (5 U.S.C. § 5561 (5) for civilian Federal employees; 37 U.S.C. § 551 (2) for uniformed Federal employees) or, in the case of other individuals, as determined by the State Department.

Because the hostages held in Iran were placed in a captive status during the hostage period, they could continue to exclude income under this provision so long as they remain in captive status even in the event that that status extended beyond December 31, 1981.

Death resulting from captive status

In the case of an individual who was at any time an American hostage and who dies as a result of injury or disease or physical or mental disability incurred or aggravated while that individual was in captive status, the bill provides that any income taxes imposed by the Code would not apply with respect to the taxable year in which the individual dies or any prior taxable year ending on or after the first day the individual was in captive status. Moreover, if there were any unpaid income tax liability of the individual from years prior to captivity, it would be forgiven. These provisions would not apply, however, unless death occurred within two years after the individual ceased to be in captive status.

Joint returns

The bill provides that, during the period an American hostage is in captive status, the individual's spouse may elect to file a joint return for any taxable year which begins on or before the day which is 2 years after the date on which the hostage period ends, and for which that spouse is otherwise entitled to file a joint return.

Postponement of deadlines

In the case of any individual who was at any time an American hostage, any period during which he was in captive status (and any period during which he was outside the United States and hospitalized as a result of captive status), and the next 180 days thereafter, would be disregarded in determining in respect of any tax liability (including any interest, penalty, additional amount, or addition to the tax) of that individual, whether any of a variety of acts was performed within the time prescribed. These include the time for filing returns, paying tax, filing a refund claim, and filing suit in the Tax Court or other courts. Also, this time period is to be ignored in determining the amount of any credit or refund (including interest).

The relief afforded by this provision also will apply to the spouse of any individual entitled to its benefits. However, the relief to the spouse will not apply for any taxable year beginning more than 2 years after the date on which the hostage period ends.

Also, relief under this provision does not apply in certain limited situations, such as certain situations when collection is in jeopardy.

Special rules

The bill makes it clear that tax provisions apply to any citizen or resident alien of the United States who was held hostage in Tehran at any time during November 1979, whether or not the individual was in the civil or uniformed services of the United States or was performing similar services. If such an individual was not in the civil or uniformed services, he may exclude under section 201 of the bill his earned income while captive or hospitalized as a result of captivity, but not in excess of the monthly equivalent of the annual rate of basic pay for Level V of the Executive Schedule.

It is also provided that the tax portions of the bill will apply to Richard Starr, a Peace Corps volunteer, for the period from November 4, 1979, through February 10, 1980.

The bill provides that an individual is to be treated as hospitalized as a result of captive status if that individual is hospitalized as a result of injury or disease or physical or mental disability incurred or aggravated while that individual was in captive status. However, hospitalization would be taken into account for this purpose only if it occurs on or before the day which is 2 years after the date on which the individual's captive status ends (or, if earlier, the date on which the hostage period ends), or is part of a continuous period of hospitalization which began on or before the earlier of those dates. Thus, for example, if the hostage period ends on December 31, 1981, the hospitalization would have to begin prior to January 1, 1984.

It is also provided that "compensation" which may be excluded under section 201 of the bill does not include any amount received as an annuity or as retirement pay.

Study by Joint Committee staff

The bill requires the Chief of Staff of the Joint Committee on Taxation to study all aspects of the tax treatment of citizens and resident aliens of the United States who are taken hostage or are otherwise placed in a missing status. The Chief of Staff is to report before July 1, 1981, the results of the study to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate.

Effective date

The tax provisions of the bill are effective for all years affected by the legislation.

Revenue effect

It is estimated that the tax provisions of the bill will decrease receipts by less than $1 million annually.

III. EFFECT OF THE BILL ON THE BUDGET AND VOTE OF THE COMMITTEE IN REPORTING THE BILL

Budget Effects

In compliance with clause 7(a) of Rule XIII of the Rules of the House of Representatives, the following statement is made about the effect on the budget of this bill, H.R. 7085, as reported by the Committee on Ways and Means.

The committee estimates that the tax provisions contained in the bill will reduce budget receipts by less than $1 million annually.

The Treasury Department agrees with this statement.

Vote of the Committee

In compliance with clause (3)(l)(2)(B) of Rule XI of the Rules of the House of Representatives, the following statement is made about the vote of the Committee on Ways and Means on the motion to report the bill. The bill, H.R. 7085, as amended, was ordered reported favorably by voice vote.

IV. OTHER MATTERS TO BE DISCUSSED UNDER HOUSE RULES

In compliance with clauses 2(l)(3) and 2(l)(4) of Rule XI of the Rules of the House of Representatives, the following statements are made with respect to the committee action on H.R. 7085, as reported by the Committee on Ways and Means.

Oversight Findings

With respect to subdivision (A) of clause 2(l)(3) (relating to oversight findings), the committee advises that it was a result of the committee's oversight activities with respect to the tax law provisions affecting Americans held hostage in Iran that the committee concluded that it is appropriate to enact the tax provisions contained in the bill.

New Budget Authority and Tax Expenditures

With respect to subdivision (B) of clause 2(l)(3), after consultation with the Director of the Congressional Budget Office, the committee states that the tax provisions of the bill involve no new budget authority or new or increased tax expenditures.

Consultation with Congressional Budget Office on Budget Estimates

With respect to subdivision (C) of clause 2(l)(3), the committee advises that the Director of the Congressional Budget Office has examined the committee's budget estimates (as indicated in part III of this report) and agrees with the methodology used and the resulting revenue estimates.

Oversight by Committee on Government Operations

With respect to subdivision (D) of clause 2(l)(3), the committee advises that no oversight findings or recommendations have been submitted to the committee by the Committee on Government Operations regarding the subject matter of this bill.

Inflationary Impact

In compliance with clause 2(l)(4), the committee states that the enactment of this bill is not expected to have an inflationary impact on prices and costs in the operation of the national economy.

V. PROVISIONS OF EXISTING LAW REFERRED TO IN THE BILL, AS REPORTED

For the information of the Members of the House of Representatives, the following sections of the Internal Revenue Code of 1954 are referred to in title II of the bill, as reported:

INTERNAL REVENUE CODE OF 1954

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Subtitle F—Procedure and Administration

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CHAPTER 61—INFORMATION AND RETURNS

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Subchapter A—Returns and Records

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PART II—TAX RETURNS OR STATEMENTS

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Subpart B—Income Tax Returns

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SEC. 6013. JOINT RETURNS OF INCOME TAX BY HUSBAND AND WIFE

(a) JOINT RETURNS.—A husband and wife may make a single return jointly of income taxes under subtitle A, even though one of the spouses has neither gross income nor deductions, except as provided below:

(1) no joint return shall be made if either the husband or wife at any time during the taxable year is a nonresident alien;

(2) no joint return shall be made if the husband and wife have different taxable years; except that if such taxable years begin on the same day and end on different days because of the death of either or both, then the joint return may be made with respect to the taxable year of each. The above exception shall not apply if the surviving spouse remarries before the close of his taxable year, nor if the taxable year of either spouse is a fractional part of a year under section 443(a)(1);

(3) in the case of death of one spouse or both spouses the joint return with respect to the decedent may be made only by his executor or administrator; except that in the case of the death of one spouse the joint return may be made by the surviving spouse with respect to both himself and the decedent if no return for the taxable year has been made by the decedent, no executor or administrator has been appointed, and no executor or administrator is appointed before the last day prescribed by law for filing the return of the surviving spouse. If an executor or administrator of

the decedent is appointed after the making of the joint return by the surviving spouse, the executor or administrator may disaffirm such joint return by making, within 1 year after the last day prescribed by law for filing the return of the surviving spouse, a separate return for the taxable year of the decedent with respect to which the joint return was made, in which case the return made by the survivor shall constitute his separate return.

(b) JOINT RETURN AFTER FILING SEPARATE RETURN.—

(1) IN GENERAL.—Except as provided in paragraph (2), if an individual has filed a separate return for a taxable year for which a joint return could have been made by him and his spouse under subsection (a) and the time prescribed by law for filing the return for such taxable year has expired, such individual and his spouse may nevertheless make a joint return for such taxable year. A joint return filed by the husband and wife under this subsection shall constitute the return of the husband and wife for such taxable year, and all payments, credits, refunds, or other repayments made or allowed with respect to the separate return of either spouse for such taxable year shall be taken into account in determining the extent to which the tax based upon the joint return has been paid. If a joint return is made under this subsection, any election (other than the election to file a separate return) made by either spouse in his separate return for such taxable year with respect to the treatment of any income, deduction, or credit of such spouse shall not be changed in the making of the joint return where such election would have been irrevocable if the joint return had not been made. If a joint return is made under this subsection after the death of either spouse, such return with respect to the decedent can be made only by his executor or administrator.

(2) LIMITATIONS FOR MAKING OF ELECTION.—The election provided for in paragraph (1) may not be made—

(A) unless there is paid in full at or before the time of the filing of the joint return the amount shown as tax upon such joint return; or

(B) after the expiration of 3 years from the last date prescribed by law for filing the return for such taxable year (determined without regard to any extension of time granted to either spouse); or

(C) after there has been mailed to either spouse, with respect to such taxable year, a notice of deficiency under section 6212, if the spouse, as to such notice, files a petition with the Tax Court within the time prescribed in section 6213; or

(D) after either spouse has commenced a suit in any court for the recovery of any part of the tax for such taxable year; or

(E) after either spouse has entered into a closing agreement under section 7121 with respect to such taxable year, or after any civil or criminal case arising against either spouse with respect to such taxable year has been compromised under section 7122.

(3) WHEN RETURN DEEMED FILED.—

(A) ASSESSMENT AND COLLECTION.—For purposes of section 6501 (relating to periods of limitations on assessment and

collection), and for purposes of section 6651 (relating to delinquent returns), a joint return made under this subsection shall be deemed to have been filed—

(i) Where both spouses filed separate returns prior to making the joint return—on the date the last separate return was filed (but not earlier than the last date prescribed by law for filing the return of either spouse);

(ii) Where only one spouse filed a separate return prior to the making of the joint return, and the other spouse had less than $1,000 of gross income ($2,000 in case such spouse was 65 or over) for such taxable year—on the date of the filing of such separate return (but not earlier than the last date prescribed by law for the filing of such separate return); or

(iii) Where only one spouse filed a separate return prior to the making of the joint return, and the other spouse had gross income of $1,000 or more ($2,000 in case such spouse was 65 or over) for such taxable year—on the date of the filing of such joint return.

(B) CREDIT OR REFUND.—For purposes of section 6511, a joint return made under this subsection shall be deemed to have been filed on the last date prescribed by law for filing the return for such taxable year (determined without regard to any extension of time granted to either spouse).

(4) ADDITIONAL TIME FOR ASSESSMENT.—If a joint return is made under this subsection, the periods of limitations provided in sections 6501 and 6502 on the making of assessments and the beginning of levy or a proceeding in court for collection shall with respect to such return include one year immediately after the date of the filing of such point return (computed without regard to the provisions of paragraph (3)).

(5) ADDITIONS TO THE TAX AND PENALTIES.—

(A) ADDITIONS TO THE TAX.—Where the amount shown as the tax by the husband and wife on a joint return made under this subsection exceeds the aggregate of the amounts shown as the tax upon the separate return of each spouse—

(i) NEGLIGENCE.—If any part of such excess is attributable to negligence or intentional disregard of rules and regulations (but without intent to defraud) at the time of the making of such separate return, then 5 percent of the total amount of such excess shall be added to the tax;

(ii) FRAUD.—If any part of such excess is attributable to fraud with intent to evade tax at the time of the making of such separate return, then 50 percent of the total amount of such excess shall be added to the tax.

(B) CRIMINAL PENALTY.—For purposes of section 7206(1) and (2) and section 7207 (relating to criminal penalties in the case of fraudulent returns) the term "return" includes a separate return filed by a spouse with respect to a taxable year for which a joint return is made under this subsection after the filing of such separate return.

(c) TREATMENT OF JOINT RETURN AFTER DEATH OF EITHER SPOUSE.—For purposes of sections 21, 443, and 7851(a)(1)(A), where

the husband and wife have different taxable years because of the death of either spouse, the joint return shall be treated as if the taxable years of both spouses ended on the date of the closing of the surviving spouse's taxable year.

(d) SPECIAL RULES.—For purposes of this section—

(1) the status as husband and wife of two individuals having taxable years beginning on the same day shall be determined—

(A) if both have the same taxable year—as of the close of such year; or

(B) if one dies before the close of the taxable year of the other—as of the time of such death;

(2) an individual who is legally separated from his spouse under a decree of divorce or of separate maintenance shall not be considered as married; and

(3) if a joint return is made, the tax shall be computed on the aggregate income and the liability with respect to the tax shall be joint and several.

(e) SPOUSE RELIEVED OF LIABILITY IN CERTAIN CASES.—

(1) IN GENERAL. Under regulations prescribed by the Secretary, if—

(A) a joint return has been made under this section for a taxable year and on such return there was omitted from gross income an amount properly includable therein which is attributable to one spouse and which is in excess of 25 percent of the amount of gross income stated in the return,

(B) the other spouse establishes that in signing the return he or she did not know of, and had no reason to know of, such omission, and

(C) taking into account whether or not the other spouse significantly benefited directly or indirectly from the items omitted from gross income and taking into account all other facts and circumstances, it is inequitable to hold the other spouse liable for the deficiency in tax for such taxable year attributable to such omission,

then the other spouse shall be relieved of liability for tax (including interest, penalties, and other amounts) for such taxable year to the extent that such liability is attributable to such omission from gross income.

(2) SPECIAL RULES.—For purposes of paragraph (1)—

(A) the determination of the spouse to whom items of gross income (other than gross income from property) are attributable shall be made without regard to community property laws, and

(B) the amount omitted from gross income shall be determined in the manner provided by section 6501(e)(1)(A).

(f) JOINT RETURN WHERE INDIVIDUAL IS IN MISSING STATUS.— For purposes of this section and subtitle A—

(1) ELECTION BY SPOUSE.—If—

(A) an individual is in a missing status (within the mean- of paragraph (3)) as a rsult of service in a combat zone (as determined for purposes of section 112), and

(B) the spouse of such individual is otherwise entitled to file a joint return for any taxable year which begins on or

before the day which is 2 years after the date designated under section 112 as the date of termination of combatant activities in such zone,

then such spouse may elect under subsection (a) to file a joint return for such taxable year. With respect to service in the combat zone designated for purposes of the Vietnam conflict, no such election may be made for any taxable year beginning after January 2, 1978.

(2) EFFECT OF ELECTION.—If the spouse of an individual described in paragraph (1)(A) elects to file a joint return under subsection (a) for a taxable year, then, until such election is revoked—

(A) such election shall be valid even if such individual died before the beginning of such year, and

(B) except for purposes of section 692 (relating to income taxes of members of the Armed Forces on death), the income tax liability of such individual, his spouse, and his estate shall be determined as if he were alive throughout the taxable year.

(3) MISSING STATUS.—For purposes of this subsection—

(A) UNIFORMED SERVICES.—A member of a uniformed service (within the meaning of section 101(3) of title 37 of the United States Code) is in a missing status for any period for which he is entitled to pay and allowances under section 552 of such title 37.

(B) CIVILIAN EMPLOYEES.—An employee (within the meaning of section 5561(2) of title 5 of the United States Code) is in a missing status for any period for which he is entitled to pay and allowances under section 5562 of such title 5.

(4) MAKING OF ELECTION, REVOCATION.—An election described in this subsection with respect to any taxable year may be made by filing a joint return in accordance with subsection (a) and under such regulations as may be prescribed by the Secretary. Such an election may be revoked by either spouse on or before the due date (including extensions) for such taxable year, and, in the case of an executor or administrator, may be revoked by disaffirming as provided in the last sentence of subsection (a)(3).

(g) ELECTION TO TREAT NONRESIDENT ALIEN INDIVIDUAL AS RESIDENT OF THE UNITED STATES.—

(1) IN GENERAL.—A nonresident alien individual with respect to whom this subsection is in effect for the taxable year shall be treated as a resident of the United States—

(A) for purposes of chapters 1 and 5 for all of such taxable year, and

(B) for purposes of chapter 24 (relating to wage withholding) for payments of wages made during such taxable year.

(2) INDIVIDUALS WITH RESPECT TO WHOM THIS SUBSECTION IS IN EFFECT.—This subsection shall be in effect with respect to any individual who, at the close of the taxable year for which an election under this subsection was made, was a nonresident alien individual married to a citizen or resident of the United States, if both of them made such election to have the benefits of this subsection apply to them.

(3) DURATION OF ELECTION.—An election under this subsection shall apply to the taxable year for which made and to all subsequent taxable years until terminated under paragraph (4) or (5); except that any such election shall not apply for any taxable year if neither spouse is a citizen or resident of the United States at any time during such year.

(4) TERMINATION OF ELECTION.—An election under this subsection shall terminate at the earliest of the following times:

(A) REVOCATION BY TAXPAYERS.—If either taxpayer revokes the election, as of the first taxable year for which the last day prescribed by law for filing the return of tax under chapter 1 has not yet occurred.

(B) DEATH.—In the case of the death of either spouse, as of the beginning of the first taxable year of the spouse who survives following the taxable year in which such death occurred; except that if the spouse who survives is a citizen or resident of the United States who is a surviving spouse entitled to the benefits of section 2, the time provided by this subparagraph shall be as of the close of the last taxable year for which such individual is entitled to the benefits of section 2.

(C) LEGAL SEPARATION.—In the case of the legal separation of the couple under a decree of divorce or of separate maintenance, as of the beginning of the taxable year in which such legal separation occurs.

(D) TERMINATION BY SECRETARY.—At the time provided in paragraph (5).

(5) TERMINATION BY SECRETARY.—The Secretary may terminate any election under this subsection for any taxable year if he determines that either spouse has failed—

(A) to keep such books and records,

(B) to grant such access to such books and records, or

(C) to supply such other information,

as may be reasonably necessary to ascertain the amount of liability for taxes under chapters 1 and 5 of either spouse for such taxable year.

(6) ONLY ONE ELECTION.—If any election under this subsection for any two individuals is terminated under paragraph (4) or (5) for any taxable year, such two individuals shall be ineligible to make an election under this subsection for any subsequent taxable year.

(h) JOINT RETURN, ETC., FOR YEAR IN WHICH NONRESIDENT ALIEN BECOMES RESIDENT OF UNITED STATES.

(1) IN GENERAL.—if—

(A) any individual is a nonresident alien individual at the beginning of any taxable year but is a resident of the United States at the close of such taxable year,

(B) at the close of such taxable year, such individual is married to a citizen or resident of the United States, and

(C) both individuals elect the benefits of this subsection at the time and in the manner prescribed by the Secretary by regulation,

then the individual referred to in subparagraph (A) shall be treated as a resident of the United States for purposes of chapters

1 and 5 for all of such taxable year, and for purposes of chapter 24 (relating to wage withholding) for payments of wages made during such taxable year.

(2) ONLY ONE ELECTION.—If any election under this subsection applies for any 2 individuals for any taxable year, such 2 individuals shall be ineligible to make an election under this subsection for any subsequent taxable year.

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CHAPTER 77—MISCELLANEOUS PROVISIONS

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SEC. 7508. TIME FOR PERFORMING CERTAIN ACTS POSTPONED BY REASON OF SERVICE IN COMBAT ZONE

(a) TIME TO BE DISREGARDED.—In the case of an individual serving in the Armed Forces of the United States or serving in support of such Armed Forces, in an area designated by the President of the United States by Executive order as a "combat zone" for purposes of section 112, at any time during the period designated by the President by Executive order as the period of combatant activities in such zone for purposes of such section, or hospitalized outside the United States as a result of injury received while serving in such an area during such time, the period of service in such area, plus the period of continuous hospitalization outside the United States attributable to such injury, and the next 180 days thereafter, shall be disregarded in determining, under the internal revenue laws, in respect of any tax liability (including any interest, penalty, additional amount, or addition to the tax) of such individual—

(1) Whether any of the following acts was performed within the time prescribed therefor:

(A) Filing any return of income, estate, or gift tax (except income tax withheld at source and income tax imposed by subtitle C or any law superseded thereby);

(B) Payment of any income, estate, or gift tax (except income tax withheld at source and income tax imposed by subtitle C or any law superseded thereby) or any installment thereof or of any other liability to the United States in respect thereof;

(C) Filing a petition with the Tax Court for redetermination of a deficiency, or for review of a decision rendered by the Tax Court;

(D) Allowance of a credit or refund of any tax;

(E) Filing a claim for credit or refund of any tax;

(F) Bringing suit upon any such claim for credit or refund;

(G) Assessment of any tax;

(H) Giving or making any notice or demand for the payment of any tax, or with respect to any liability to the United States in respect of any tax;

(I) Collection, by the Secretary, by levy or otherwise, of the amount of any liability in respect of any tax;

(J) Bringing suit by the United States, or any officer on its behalf, in respect of any liability in respect of any tax; and

(K) Any other act required or permitted under the internal revenue laws specified in regulations prescribed under this section by the Secretary.

(2) The amount of any credit or refund (including interest).

(b) APPLICATION TO SPOUSE.—The provisions of this section shall apply to the spouse of any individual entitled to the benefits of subsection (a). The preceding sentence shall not cause this section to apply to any spouse for any taxable year beginning—

(1) after January 2, 1978, in the case of service in the combat zone designated for purposes of the Vietnam conflict, or

(2) more than 2 years after the date designated under section 112 as the date of termination of combatant activities in that zone, in the case of any combat zone other than that referred to in paragraph (1).

(c) MISSING STATUS.—The period of service in the area referred to in subsection (a) shall include the period during which an individual entitled to benefits under subsection (a) is in a missing status, within the meaning of section 6013(f)(3).

(d) EXCEPTIONS.—

(1) TAX IN JEOPARDY; BANKRUPTCY AND RECEIVERSHIP; AND TRANSFERRED ASSETS.—Notwithstanding the provisions of subsection (a), any action or proceeding authorized by section 6851 (regardless of the taxable year for which the tax arose), chapter 70, or 71, as well as any other action or proceeding authorized by law in connection therewith, may be taken, begun, or prosecuted. In any other case in which the Secretary determines that collection of the amount of any assessment would be jeopardized by delay, the provisions of subsection (a) shall not operate to stay collection of such amount by levy or otherwise as authorized by law. There shall be excluded from any amount assessed or collected pursuant to this paragraph the amount of interest, penalty, additional amount, and addition to the tax, if any, in respect of the period disregarded under subsection (a). In any case to which this paragraph relates, if the Secretary is required to give any notice or to make any demand upon any person, such requirement shall be deemed to be satisfied if the notice or demand is prepared and signed, in any case in which the address of such person last known to the Secretary is in an area for which United States post offices under instructions of the Postmaster General are not, by reason of the combatant activities, accepting mail for delivery at the time the notice or demand is signed. In such case the notice or demand shall be deemed to have been given or made upon the date it is signed.

(2) ACTION TAKEN BEFORE ASCERTAINMENT OF RIGHT TO BENEFITS.—The assessment or collection of any internal revenue tax or of any liability to the United States in respect of any internal revenue tax, or any action or proceeding by or on behalf of the United States in connection therewith, may be made, taken, begun, or prosecuted in accordance with law, without regard to the provisions of subsection (a), unless prior to such assessment, collection, action, or proceeding it is ascertained that the person concerned is entitled to the benefits of subsection (a).

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